

# GWALIA (U.S.A.) LTD.



September 2, 1993

1801 Broadway, Suite 1620  
Denver, Colorado 80202  
U.S.A.  
Telephone (303) 296-3200  
Facsimile (303) 296-9130

Mrs. Virginia Dorn  
P.O. Box 36  
McCormick, SC 29835

Re: Lease to Gwalia (U.S.A.) Ltd.

Dear Mrs. Dorn:

Gwalia (U.S.A.) Ltd. ("Gwalia") is the current lessee of that certain lease from J.G. Dorn, Sr. and Virginia Dorn to Gold Fields Corporation dated November 18, 1983 (the "Lease").

Gwalia executed a First Mortgage and Security Agreement (the "Mortgage") dated August 13, 1993 in favor of Citibank Limited ("Citibank"), an Australian banking corporation. Under that Mortgage, Gwalia granted Citibank a mortgage on Gwalia's leasehold interest under the Lease.

Citibank would like to obtain your assurance that should you should ever allege a default has occurred under the Lease, then, in addition to any notice of default that you send to Gwalia, you will also send a copy of that notice to Citibank. Also, in the unlikely event of a breach by Gwalia of its obligations under the Mortgage, Citibank would succeed to the rights of Gwalia under your Lease.

With regard to giving Citibank assurances that it will be sent a copy of any notice of default, we have enclosed a document entitled "Consent of Landlords." That document provides that you will furnish Citibank with a copy of any notice of default, and, for a period of thirty (30) days thereafter, Citibank will have the right (but not the obligation) to cure the default.

We ask that you execute the enclosed copy of the Consent of Landlords in the place noted by the tab attached to page 3, have your signature notarized, and then return the executed and notarized Consent of Landlords to me in the enclosed Federal Express envelope. The shipping costs will automatically be billed to Gwalia if you use the enclosed envelope.

We thank you for your cooperation in this matter. If you have any questions, please feel free to call me collect.

Very truly yours,

James D. Frank  
Vice President Finance



STATE OF SOUTH CAROLINA )

CONSENT OF LANDLORDS

COUNTY OF MCCORMICK )

THIS CONSENT OF LANDLORDS ("Consent") made this day \_\_\_\_\_ of \_\_\_\_\_, 1993, by and between the undersigned ("Landlords") and GWALIA (USA) Ltd. ("Tenant").

WHEREAS, Tenant entered into a First Mortgage and Security Agreement (the "Mortgage") dated \_\_\_\_\_ day of \_\_\_\_\_, 1993 and recorded \_\_\_\_\_, 1993 in the Office of the Clerk of Court for McCormick County in Book \_\_\_\_\_ page \_\_\_\_\_ in favor of Citibank Limited A.C.N. 604 325 080 of Level 26, 101 Collins Street, Melbourne, Victoria, Australia ("Citibank").

WHEREAS, to induce Citibank to make the loan described in the Mortgage and the Facility Agreement (as defined in the Mortgage), Tenant assigned, under the terms of the Mortgage, all of its rights and interests under the leases more particularly described in Exhibit B attached hereto ("Leases").

WHEREAS, each of the Landlords, as lessors under the Leases, hereby acknowledges and consents to the Mortgage to Citibank covering the premises described in Exhibit A attached hereto to secure the obligations of Tenant under the Facility Agreement (as defined in the Mortgage) and the Mortgage. The undersigned Landlords shall, upon a default under the respective Leases, serve a copy of any notice of default upon Citibank at the address written above, and Citibank shall thereupon have a period of thirty (30) days in which to remedy or cause to be remedied the defaults set forth in the notice. The foregoing is a right of Citibank and not an obligation; however, should Citibank, in the event of default under the Facility Agreement (as defined in the Mortgage) or the Mortgage succeed to the rights of Tenant under any or all of the respective Leases, then in such event, Citibank shall likewise assume all obligations of Tenant as lessee under the respective leases and the undersigned Landlords shall accept Citibank, its successors or assigns, as the Tenant.

This Consent is governed by the laws of the State of South Carolina.

This Consent shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

This Consent may be executed in counterparts, and each such counterpart shall be deemed an original.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Consent on the day and year first written above.

WITNESSES:

LANDLORDS:

RAINSFORD LEASE:  
Rainsford and Sons

By: \_\_\_\_\_  
Its: \_\_\_\_\_

and

By: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) (CORPORATE/PARTNERSHIP)

Before me, the undersigned notary public personally appeared \_\_\_\_\_, who being duly sworn, deposed and said that (s)he saw Rainsford and Son by \_\_\_\_\_ its \_\_\_\_\_, and by \_\_\_\_\_ its \_\_\_\_\_ sign, seal, and as its act and deed, deliver the foregoing Consent of Landlords to First Mortgage and Security Agreement and that (s)he, together with \_\_\_\_\_ witnessed the execution thereof.

SWORN to before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1993

\_\_\_\_\_  
(L.S.)  
Notary Public for \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

EXHIBIT A

RAINSFORD LEASE

All that certain tract or parcel of land, situate, lying and being in the County of McCormick, State of South Carolina, containing one hundred thirteen and fourteenths (113.4) acres, more or less, being the same tract or parcel of land described by survey plat recorded in Plat Book 4, Page 9, of the records of the Clerk of Court, McCormick County, South Carolina. This is also the same tract or parcel of land conveyed to John Rainsford, Jr., from Allene S. Rainsford by Deed dated August 24, 1954 and recorded in Deed Book 22, Page 16 of the records of the Clerk of Court, McCormick County, South Carolina. As further conveyed to Rainsford & Sons by Deed of John Rainsford, Jr. dated January 15, 1975 recorded February 27, 1975 in Deed Book 38, Page 129.

Record Owner Rainsford & Sons

TMS# 128-00-00-003

-and-

DORN LEASE (311.ac)

All those parcels of land as described in the records of the Tax Assessors office, McCormick County, South Carolina as tract No. 7, photo 220, 118.0 acres, tract No. 22, photo 235, 11.2 acres, tract no. 17, photo 235, 178.03 acres; Bordeaux Township, containing in all 311.0 acres, more or less.

The Property is a portion of certain tracts conveyed by deed to Jennings Gary Dorn, which tracts are as follows:

	<u>Grantor</u>	<u>Acreage</u>	<u>Date</u>	<u>Recorded</u>
1.	J. Frank Mattison, Master	426.0	5-3-39	Book 9 Page 265
2.	Federal Farm Mortgage Corp.	100.5	8-2-39	Book 11 Page 214
3.	T.C. Faulkner, Sr.	112.0	5-28-52	Book 20 Page 316

As further conveyed to Virginia M. Dorn under will of Jennings G. Dorn, Sr. died testate February 26, 1986 probate package 86ES3500015.

Record Owner of Property is Virginia M. Dorn

TMS# 140-00-00-001  
140-00-00-008

-and-

DORN LEASE (153.1 ac)

All that parcel of land described in the record of the Tax Assessors Office, McCormick County, South Carolina as tract no. 8, photo 220, 118.8 and tract no. 8, photo 219, 34.3 acres. Bordeaux Township, containing 153.1 acres, more or less and more particularly described in that certain deed dated January 21, 1946 from J.L. Smith to James M. Dorn and Jennings Gary Dorn, recorded in Deed Book 10, Page 621 and Deed of Earl C. White recorded in Deed Book 10, Page 633 in the Office of the Clerk of Court for McCormick County, South Carolina and that certain deed dated December 2, 1974 from James M. Dorn conveying his 1/2 interest in fee to Jennings Gary Dorn, recorded in Deed Book 38, Page 41 in the Office of the Clerk of Court for McCormick County, South Carolina reserving his 1/2 interest in all mineral rights further conveyed by Will of James M. Dorn died testate January 19, 1980 filed in probate package 88/2377 leaving his 1/2 interest in minerals to Bettye Naomi Workman Dorn. Fee conveyed to Virginia M. Dorn under Will of Jennings G. Dorn, Sr. died testate February 26, 1986 probate package 86ES3500015.

TMS# 127-00-00-014

Record owner of Property is Virginia M. Dorn in Fee and Bettye Naomi Workman Dorn 1/2 interest in Mineral rights.

-and-

-continued on next page-

## BRUNSWICK LEASE

### PARCEL NO. 1

All that piece, parcel, or tract of land situate, lying, and being in the County of McCormick, State of South Carolina, containing 308.64 acres, more or less, being bounded as follows: on the North by lands of Continental Augusta Woodlands, Charlie Edmunds, and S.L. and G.J. Sanders, Sr.; on the South by lands of Rainsford, the United States Forest Service, and Catawba Timber Company; on the East by lands now or formerly of Gary Jennings Dorn, Sr., and Catawba Timber Company; and on the West by lands of the United States Army Corps of Engineers and Palmetto Production Credit Association. For a more particular description of said tract, reference is made to a plat recorded in the Office of the Clerk of Court for McCormick County, South Carolina, in Plat Book 7, Page 35. This parcel is designated as Tract No. MCC-2-29 as described on Exhibit A on two deeds dated December 31, 1973, between Brunswick Pulp and Paper Company as Grantor and Mead Timber Company and Scott Timber Company as Grantees, recorded in Deed Book 34, Pages 244-245, in the Office of the Clerk of Court for McCormick County, South Carolina.

### PARCEL NO. 2

All that piece, parcel, or tract of land situate, lying, and being in the County of McCormick, State of South Carolina, containing 88.05 acres, more or less, being bounded as follows: on the North by lands of Rainsford and Catawba Timber Company; on the South by lands of W.J. Bruce and M.R. Coulter; on the East by lands of C.D. and C.S. Wilkie; and on the West by County Road S-33-44. For a more particular description of said tract, reference is made to a plat recorded in the Office of the Clerk of Court for McCormick County, South Carolina, in Plat Book 7, Page 37. This parcel is designated as Tract No. MCC-2-31 as described on Exhibit A on two deeds dated December 31, 1973, between Brunswick Pulp and Paper Company as Grantor and Mead Timber Company and Scott Timber Company as Grantees, recorded in Deed Book 34, Pages 244-245, in the Office of the Clerk of Court for McCormick County, South Carolina.

-continued on next page-

Brunswick continued  
PARCEL NO. 3

All that piece, parcel, or tract of land situate, lying, and being in the County of McCormick, State of South Carolina, containing 94.54 acres, more or less, being bounded as follows: on the North and East by lands of the United States Forest Service; on the Northwest by lands of Betty W. Dorn (et al.); and on the South and Southwest by lands of the United States Army Corps of Engineers. For a more particular description of said tract, reference is made to a plat recorded in the Office of the Clerk of Court for McCormick County, South Carolina, in Plat Book 7, Page 38. This parcel is designated as Tract No. MCC-2-32 as described on Exhibit A on two deeds dated December 31, 1973, between Brunswick Pulp and Paper Company as Grantor and Mead Timber Company and Scott Timber Company as Grantees, recorded in Deed Book 34, Pages 244-245, in the Office of the Clerk of Court for McCormick County, South Carolina.

PARCEL NO. 4

All that piece, parcel, or tract of land situate, lying, and being in the County of McCormick, State of South Carolina, containing 346.06 acres, more or less, being bounded as follows; on the North by lands of McCormick Investment Company; on the South by lands of Virginia M. Dorn and continental August Woodlands; on the East by lands of Newby, Town of McCormick, James Dorn Estate, and E.R. Bentley Subdivision; and on the West by lands of Continental Augusta Woodlands, Lee Burch, and lands of Maurice White and Joe Luke. This parcel is located less than 1 mile south of the town of McCormick and is situated between South Carolina Highway 28 to the west and U.S. Highway 378 to the west. For a more particular description of said tract, reference is made to a plat recorded in Deed Book 34, Pages 244-245, in the Office of the Clerk of Court for McCormick County, South Carolina.

Approximately 837.29 acres

This being the same property conveyed to Georgia Pacific Corporation by Deed of Mead Timber Company and Scott Timber Company dated August 2, 1988 recorded August 25, 1988 in Deed Book 87 page 86 reserving mineral rights to Mead Timber Company and Scott Timber Company in Parcels 2, 3 & 4. Mineral rights as to parcel 1 previously reserved in deed to J.D. Richardson to G. Allen Banks dated October 13, 1921 recorded December 23, 1922 in Book 6 page 323.

TMS#:  
128-00-00-001  
127-00-00-010  
114-00-00-016  
128-00-00-011.

RECORDED OWNER OF PROPERTY IS GEORGIA PACIFIC CORPORATION.

All that certain tract or parcel of land, lying and being in McCormick County, South Carolina, on the watershed of Hava Creek, a tributary of Savannah River, situate about 3 1/2 miles South of McCormick and 3 1/2 miles Northwest of Plum Branch, being covered by the following grants:

<u>NAME</u>	<u>DATE</u>	<u>ACRES</u>
Jessa Barker	1796	303
Zephaniah Nobles	1793	434

All bearings in this description are turned from the true meridian and all distances are expressed in chains.

This property is more particularly delineated on a map thereof, compiled by the U.S. Forest Service, Long Cane Purchase Unit, surveyed September 1935, said map being hereby declared to be part and parcel of this description.

Beginning at Corner 1, a stake set alongside and old stake in a mound of stones on hedgerow, old witnesses, common to Erskine College tract. A scribed 6" pine bears S. 57 degrees E., 0.12 chain distant and a scribed 12" pine bears S. 44 degrees 0.06 chain distant.

Thence, with Erskine College tract, S. 47 degrees, 17.67 chains to Corner 2, a stake set at the intersection of old hedgerow with abandoned road, common to Erskine College tract and H. A. Smith Estate tract.

Thence, two (2) lines with H. A. Smith Estate tract, N. 16 degrees, along said abandoned road 4.54 chains to Corner 3, a stake set in center of said abandoned road and on the projection of a hedgerow;

N. 57 degrees, 32.7 chains to Corner 4, a point in the center of Mineral Spring Branch on the projection of a fence, old witness, common to H. A. Smith Estate tract and Erskine College tract.

Thence, in an Easterly direction, up and with the meander of the center of said Branch, 35.0 chains to Corner 5, a point in the center of said Branch, old witnesses, common to Erskine College tract.

thence, with Erskine college tract,

S. 49°35' E., 22.0 chains to the Place of Beginning, containing ~~FIFTY-FIVE~~ and ~~SEVEN-TENTHS~~ ( 35.7 ) ACRES, be the same more or less.

This being the same property conveyed to Gwalia (USA) Ltd. by Deed of United States of America acting through the Forest Service, United States Department of Agriculture, dated August 8, 1989 recorded September 8, 1989 in Deed Book 91 page 123.

TMS#:

RECORDED OWNER OF PROPERTY IS GWALIA (USA) LTD.

-and-



Minerals, Inc. Deed Book 65 page 96, Deed Book 65 page 97, Deed Book 80 page 46 and Deed Book 39 page 44, a portion of the interest of Amselco Minerals, Inc. conveyed to Hawk Resources USA Limited by special warranty deed in Book 89 page 106 and remainder assigned to Gwalia (USA) Ltd. by Amselco Minerals, Inc. Book 89 page 107.

IV. Brunswick Lease:

- A. Exploration and Mining Lease dated November 20, 1987, between Scott Timber Company and Mead Timber Company conducting business in the State of Georgia under the name of Brunswick Pulp Land Company and Amselco Minerals, Inc. a Memorandum is recorded in Book 83 page 89. Assigned by Amselco Minerals, Inc. to Gwalia (USA) Ltd. deed Book \_\_\_ page \_\_\_

Parcel 1 - 308.64 acres  
Parcel 2 - 88.05 acres  
Parcel 3 - 94.54 acres  
Parcel 4 - 346.06 acres

V. Bowater Parcel: 148.02 acres

- A. Exploration Agreement with Option to Lease dated September 1, 1985, between Bowater Incorporated successor in interest through merger to Catawba Timber Company, and Gwalia (USA), Ltd., a Delaware corporation as successor to the rights of Amselco Minerals, Inc., successor in interest through dissolution to Amselco Exploration, Inc. A memorandum of which is recorded in Book 80 page 46. Assigned by Amselco Exploration, Inc. to Amselco Minerals, Inc. pursuant to an Assignment of Lease of Real Property recorded in Deed Book 65 page 96, Deed Book 65 page 97, Deed Book 80 page 46 and Deed Book 39 page 44, a portion of the interest of Amselco Minerals, Inc. in this property has been conveyed to Hawk Resources USA Limited by special warranty deed in Book 89 page 106 remainder assigned to Gwalia by Amselco Book 89 page 107. A memorandum of Lease between Bowater Incorporated and GWALIA (USA), Ltd. is recorded in Book 97 at page 220. This became a lease created by the exercise on 8-17-88 of the option to lease.

BOWATER LEASE

Bowater Incorporated Tract No. 1282, Parcel 1 located in McCormick County, South Carolina and being more particularly described as follows:

Being all of Parcel 1 of Tract 1282 conveyed by East Highlands Company to Catawba Timber Company by deed dated January 1, 1979 and of record in Deed Book 49, Page 142, in the Office of the Clerk of Court for McCormick County, South Carolina, containing 148 acres, more or less.

The southeastern boundary of said property was subsequently modified by two boundary line agreements dated November 17, 1980 and November 18, 1980 and of record respectively in Deed Book 54, Page 14, and Deed Book 54, Page 15, in the Office of the Clerk of Court for McCormick County, South Carolina, so that said property now consists of 148.02 acres.

SUBJECT to existing easements and rights of way for public roads and highways and public utilities, if any, extending into, through, over, or across the above described property.

Prior title reference: Deed Book 49, page 142, Office of the Clerk of Court for McCormick County, South Carolina.

This being the same property conveyed to Gwalia (USA) Ltd. by Bowater Incorporated dated March 27, 1991 recorded in Deed Book \_\_\_\_\_ page \_\_\_\_\_ reserving mineral rights to Bowater Incorporated.

TMS#: 128-00-00-005

RECORDED OWNER OF PROPERTY IS GWALIA (USA) LTD.

EXHIBIT B

BARITE HILL MINE

MCCORMICK COUNTY

SOUTH CAROLINA

LEASES

I. Rainsford: 113.4 acres

- A. Mining Lease and Option Agreement dated December 14, 1974, amended December 13, 1979, between Johns Rainsford, Jr. and Continental Oil Company, a Memorandum is recorded in Book 39 page 44. Assigned by Goldfields Mining Corporation to Amselco Exploration, Inc. by assignment dated January 30, 1985, then assigned by Amselco Exploration, Inc. to Amselco Minerals, Inc. Deed Book 65 page 96, Deed Book 65 page 97, Deed Book 80 page 46 and Deed Book 39 page 44, a portion of the interest of Amselco Minerals, Inc. conveyed to Hawk Resources USA Limited, the predecessor in interest to Gwalia (USA), Ltd. by special warranty deed in Book 89 page 106 remainder and assigned to Gwalia (USA), Ltd. by Amselco Minerals, Inc. Book 89 page 107.

II. Dorn Lease: 311 acres

- A. Mineral Lease dated November 18, 1983, between Jennings Gary Dorn, Virginia M. Dorn and Gold Fields Mining Corporation, a Memorandum is recorded in Book 65 page 97. Assigned by Goldfields Mining Corporation to Amselco Exploration, Inc. by Assignment dated January 30, 1985 then assigned by Amselco Exploration, Inc. to Amselco Minerals, Inc. Deed Book 65 page 96, Deed Book 65 page 97, Deed Book 80 page 46 and Deed Book 39 page 44, a portion of the interest of Amselco Minerals, Inc. conveyed to Hawk Resources USA Limited by special warranty deed in Book 89 page 106 and remainder assigned to Gwalia (USA), Ltd. by Amselco Minerals, Inc. Book 89 page 107.

III. Dorn Lease: 153.1 acre

- A. Mineral Lease dated November 18, 1983, between Jennings Gary Dorn, Virginia M. Dorn, Bettye Naomi Workman Dorn and Gold Fields Mining Corporation, a Memorandum is recorded in Book 65 page 96. Assigned by Goldfields Mining Corporation to Amselco Exploration, Inc. by Assignment dated January 30, 1985, then assigned by Amselco Exploration, Inc. to Amselco

Is your RETURN ADDRESS completed on the reverse side?

### SENDER:

- Complete items 1 and/or 2 for additional services
- Complete items 3, and 4 & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
  2. ☐ Restricted Delivery
- Consult postmaster for fee.

#### 3. Article Addressed to:

Virginia Dorn  
P.O. Box 36  
McCormick, SC 29835

#### 4a. Article Number

P 028 990 976

#### 4b. Service Type

- ☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express ☐ Return Receipt for Merchandise

#### 7. Date of Delivery

9/11/72

#### 5. Signature (Addressee)

#### 8. Addressee's Address (Only if requested and fee is paid)

#### 6. Signature (Agent)

*Virginia Dorn*

PS Form 3811, December 1991 U.S. GPO: 1992-334-702

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service

UNITED STATES POSTAL SERVICE

Official Business



PENALTY FOR PRIVATE  
USE TO AVOID PAYMENT  
OF POSTAGE \$300



Print your name, address and ZIP Code here

Nevada Goldfields, Inc.  
1801 Broadway, Suite 1620  
Denver, CO 80202

